

UNIVERSITY OF NIGERIA, NSUKKA

FACULTY OF THE SOCIAL SCIENCES

DEPARTMENT OF POLITICAL SCIENCE

**TOPIC: A BUSINESS PLAN ON BREAD
PRODUCTION**

AN ASSIGNMENT

**SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENT OF THE COURSE**

**:CEDR342(BUSINESS DEVELOPMENT AND
GROWTH)**

BY: OBIORA JUDE KASIEMOBI

REG. NO:2014/196604

LECTURER: DR. MRS. CHI CHI NWAOGA

JULY, 2017

CHAPTER ONE

1.10 EXECUTIVE SUMMARY

1.11 Name of business:

Obitex bread Factory

1.1 Legal form of business:

Sole proprietorship business

1.13 Contact Address:

No F28 Jumbostreet kaki Enugu state

1.14 Phone Number:

09039395463

Jkasie9@gmail.com

1.15 Type of Business:

Production of bread

1.16 Concise Description of the business:

Selling and supplying on to people of different classes quality bromate free bread.

B. Customers:

Individuals and five-star hotel owners, and people organizing event.

C. Owners:

Name: OBIORA JUDE KASIEMOBI

Address: No 17 E.T.S road Eha-Amufu Isi-Uzo Local Government

Area of Enugu State.

Qualification: B.Sc.

Function in the Business: The sole owner/manager of the business.

1.17 number of jobs to be created

7 workers

1.18 Startup capital:

a. Investment (Equipment, machinery, and others):85,400

b. working capital: 914,000

Total: N 1,000,000

1.19 Source of capital:

a. Owners capital: N1,000,000

b. Donations/Grant: NIL

c. Bank/Loan: NIL

1.110 Profitability:

1. Year 1: N 510,000

2. Year 2: N695,000

3. Year 3: N766,000

CHAPTER TWO

2.10 GENERAL INTRODUCTION

2.11 BACKGROUND

The company is being founded by OBIORA JUDE KASIEMOBI an artisan baker who have an enormous experience in the market of baking.

Due to the economy and population of the country, there exist different classes of people the rich, the middle class and the poor who has different pocket size and ability. Obitex bread production business wish to satisfy and meet the taste of this various class by providing different varieties of bread with good customer care services. The company's main competition includes a health food store, three pastry shops and three supermarkets in the urban areas. The main marketing focus will therefore be an eye catching sign, the scent of fresh bread wafting out of the storefront and periodic printed advertisements.

Opening day is scheduled for July 1st 2019, while my company has the potential for high growth, the first three years will be spent establishing company financial stability and increasing market share.

2.12 VISION STATEMENT

To be the best, serve people with quality and clean goods and in return make money.

2.13 MISSION STATEMENT

Production and Selling of different varieties of bread so as to satisfy most of my customers.

2.14 THE COMPANY

The business will be a sole proprietorship business.

2.15 PRODUCTS OR SERVICES OFFERED

Production and marketing of bread of good quality and at cheap price.

2.16 LEGAL FORM AND OWNERSHIP OF ENTERPRISE

This business is a sole proprietorship business owned and managed by Obiora Jude Kasiemobi

2.17 LOCATION OF THE BUSINESS

This business will be located at No F28 kakiMain Market Enugu state.

2.18 BUSINESS STRATEGY

I would render the best services and quality good to my customers, will endeavor to make her services price competitive, affordable price as well as being profitable.

2.19 KEY SUCCESS FACTOR

The key success factor that will drive this business:

- i. Providing the highest quality product with personal customer service.
- ii. Competitive pricing.

CHAPTER 3

3.0 THE MARKET

3.1 NATURE, SIZE, LOCATION AND ATTRIBUTE

The nature and size of the market is a very large one as it fulfills the need and desires of both the poor and the rich. The specialty bread market is about to experience enormous growth throughout the country, small bakeries are appearing at an increasing rate.

Chain stores, such as great harvest bread company are experiencing tremendous growth by capitalizing on the whole appeal of fresh baked loaves.

3.4 SALES AND DELIVERY

In order to deliver good quality bread, I will carefully select all workers with extra attention given to high skilled of processing the flour and also those that will deliver the goods well from the producer. I will also make sure that each worker does his/her own job well. I will have immediate back-up support available by phone so that customers can reach me any time.

3.3 KEY COMPETITORS AND COMPETITIVE EDGE

Without mentioning names, we know there are several other retailers that would be able to compete with my firm due to their longer period of business years and experience but my business will come in and be the best because of the skills and plans I have for running the business.

3.4 KEY COMPETITORS AND PLAYERS

Competitor	Strength	Weakness
Helmut's pastry shop	It's a well-known retailer with many shops	They don't usually have enough customers.
Udoji bakery	Has a suitable pricing policy and reliable goods	Inadequate publicity and poor market information
Chico-chika toothsome foods company	it is located in the central of part of the market thereby making them have more access to the customers.	Have too many workers and harvesters apprentice thus not having detailed recording keeping.

KEY COMPETITIVE STRENGTHS

Delivers good, quality and cheap products. Skills gotten from the university, in addition to the variety of product I feature.

The smell of bread as it comes from the oven will bring customers in from the parking lot. I will offer a sample of fresh baked bread to anyone who comes into the store.

KEY COMPETITIVE WEAKNESS;

My primary weakness is that I am new in business thus lack experience and am competing largely against established retailers who have good number of customers.

3.4 SALES AND DELIVERY

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3.5 SWOT ANALYSIS

In order to conduct a complete assessment of this project plan, we have subjected this project to SWOT analysis

A. STRENGTH

Obitex bread business delivers good, quality and cheap products. It has skills gotten from the university, in addition to the type of product I feature.

B. WEAKNESS

My primary weakness is that I am new in business thus lack experience and am competing largely against established retailers who have good number of customers.

C. OPPORTUNITIES

My product is demanded on a daily basis depending on our publicity and advertisement and with this; we believe we have market that will help seek and buy my product. I also plan to identify any other business opportunity that comes our way and take advantage of it as I continue in business.

D. THREAT

My greatest threat is competition from existing giants in the business who naturally would seek to out-compete me. But in order to make sure this threat does not undermine my business, I will use my skills and produce quality bread to remain in business.

Secondly, the other threat I am likely to face is demand, but I believe also that my service and product I shall in little or no time overcome this. The quality of affordable labor may also pose a threat, but I shall ensure I employ the best manpower I can find.

3.6: DEMAND AND SUPPLY ANALYSIS AND ESTIMATING THE INITIAL INSTALLED CAPACITY

Details	Size (number)
Potential demand to be served	100,000
Less 30% existing competitors	30,000
Available market(in the absence of expansion and very high entry wall)	70,000
Less 10% due to possible expansion of existing competitors and entrant of new ones	7,000
Available market	63,000
Less 5% due to error in estimation	3,150

Available demand/qualified market/demand supply gap	59,850
Initial installed capacity at most 60% of available demand(served market)	35,910

CHAPTER 4

4.0 MARKING PLAN

4.1 CUSTOMERS/MARKET SEGMENTATION

Obitex bread production business focuses on the lower, middle and upper income markets. These market segments include the lower segment which consists of individuals like households.

The middle income market or segment consists of eatery joints and restaurants. The upper income market consists of motels and hostels.

Transactions with this market segment (upper segment) comprise 30% of the revenues. High visibility and competitive products and service are critical to capture this segment of the market.

4.2 TARGET MARKET

The target clients of this business are individual, bread shop owners, hotels and retailers.

4.3 MARKET POSITIONING

The business plans to manipulate the location of the business for the advantage of the business. Through the philosophy of “nothing but outstanding” regarding the product Obitex bread production Business will establish itself as an exceptional retailing producer and market of bread.

4.4 PROMOTION STRATEGY

Obitex bread production Business will embark on creating awareness by distributing fliers to get the business across to the target market, and also I properly intend to promote from within and recruit the best workers with good skill.

4.5 MARKETING PLAN

Obitex bread production business will adopt a penetrative pricing system. I will ensure that I create an impression that will attract the first time customers for another unique experience. Hence, there will be discount for first timers as a way of welcoming them into my world. I will make use of skill workers.

4.6 ALLIANCES

To protect the business from external forces and to ensure efficiency, this business will be registered with the relevant trade union in the market.

CHAPTER 5

5.0 MANAGEMENT AND ORGANIZATION

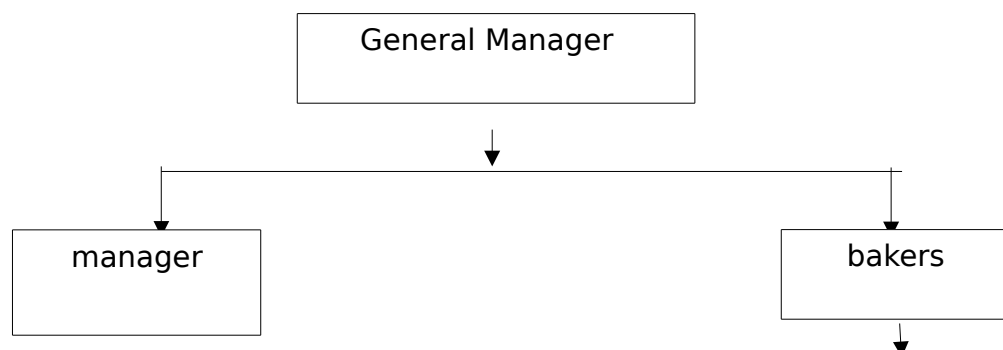
5.1 This business is a sole proprietorship business therefore there wouldn't be any shareholders, all; the shares and equity would be managed and held by the manager Obiora Jude Kasiemobi

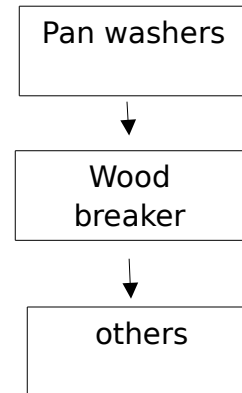
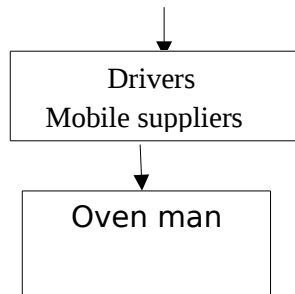
5.2 MANAGEMENT AND ORGANIZATION

Obitex bread production Business will be owned by Obiora Jude Kasiemobi, I will sponsor and manage the affairs of the business. Obiora Jude Kasiemobi is trained in entrepreneurship and has the financial knowledge to manage a business.

5.3 ORGANISATIONAL STRUCTURE

The organizational structure is very simple. Obiora Jude Kasiemobi will be responsible for general administration of the business, distribution management and delivery customer service.





5.4 EXTERNAL SUPPORT

The business shall receive external support majorly from the family.

5.5 PERSONNEL PLAN

These are the Management and labor requirement for the business.

S/N	Positions	No of staff	Monthly salary per staff	Total
1	Manager	1	10,000	10,000
2	bakers	3	5,000	15,000
3	distribution Drivers	4	10,000	40,000
4	shelvers	2	7,000	14,000
	Grand total			79,000

5.6 VALUE AND NORMS OF THE COMPANY.

Obitex business will adopt the norm of upholding her integrity always and offer the best for the concept to her customer and also to always be available to her customers.

To ensure a strong market share and in the spirit of becoming the major distributor to customer within the environment of Enugu. The following are the norms and values;

- To provide the best service delivery
- To see that my workers are of most valuable assets.
- To be socially responsible to our community.
- To be the preferred supplier palm oil of coffee.
- To continuously monitor the customer's level of satisfaction.

CHAPTER 6

6.0 LEGAL REGULATORY, SOCIAL AND ENVIRONMENTAL ISSUES

6.1 LEGAL ISSUES

Obitex business plans to commence as a sole proprietorship. I will be registered with appropriate department at the local government headquarters. Will abide by rules and regulations.

6.2 REGULATORY ISSUES

Wise choice goods and skilled worker and obey all regulation.

6.3 SOCIAL ISSUES:

This business will provide both economic and social benefits to the community as it will create employment opportunity.

6.4 ENVIRONMENTAL ISSUES:

All our products are environmentally friendly and there will be no harm related to its consumption.

CHAPTER 7

7.0 FINICIAL PLAN:

7.1 SUMMARY OF PROJECT COST:

The total project cost 1,000,000. This is made up of N85,400 in fixed capital and in working capital N914,600

7.2 SCHEDULE OF COST AND SELLING PRICE:

S/N	Product	Quantity	Cost price	Selling price
1.	Wheatflour	15	21,000	23,000
2.	Powdered milk	12	26,000	28,500
3.	Baking powder	5	26,500	28,000
4.	Sugar	3	19,000	20,500
5.	Water	5	100,000	110,000
6.	Natural flavors	2	70,000	75,000
7.	All purpose	1	35,000	40,000

7.3 ESTIMATE OF COST

The estimate of cost of buying the goods is given below:

Product	Year 1	Year 2	Year 3
wheat flour	252,000	250,000	255,000
Powdered milk	312,000	300,000	315,000
Baking powder	318,000	320,000	350,000
Sugar	228,000	225,000	200,000
Water	200,000	180,000	190,000
Natural flavours	140,000	160,000	120,000
All purpose	70,000	70,000	95,000
Total	820,000	1,000,000	1,225,000

7.5 FIXED CAPITAL INVESTMENTS

S/N	Detail	Quantity	Unit price	Total
1.	Pan	5	1,500	7,500
2.	Board	3	1,000	3,000
3.	Tables	2	15,000	30,000
4.	Measuring cups	1	2500	2,500
5.	Oven mits	2	12,000	24,000
6.	Dough knives	3	800	2,400
7.	Mop	4	300	1,200
8.	Other equipment	1	14,800	14,800
	Grand total			85,400

7.6 OTHER EXPENSES

There are other expenses expected to be incurred in the course of running the business. Other operating expenses.

Type of expense	Year 1 (N)	Year 2 (N)	Year 3 (N)
Maintenance	10,000	10,500	11,000
Shop Rent	144,000	144,000	144,000
Transportation	30,000	32,000	32,000
Miscellaneous	30,000	30,500	31,000
Total	214,000	217,000	218,000

7.7 WORK CAPITAL FORECAST

To arrive at the working capital needed for the business the following assumption we make:

	Working capital items	Year 0	Year 1	Year 2	Year 3
1	Capital for flour	500,000	500,000	450,000	650,000
2	Other Expenses	214,000	214,000	217,000	218,000
3	Salaries	248,000	248,000	260,000	280,000
4	Less creditors; 30 day need of flour	747,400	747,400	756,000	724,000
5	Working capital	914,600	914,600	1,221,000	1,574,000
	Increase/decrease in working capital	14,600	14,600	221,000	574,000

7.8 TOTAL START –UP CAPITAL REQUIRED

S/N	Capital items	Cost
1.	Fixed capital	85,400
2.	Working capital	914,600

	Total	1,000,000

7.9 DEPRECIATION

The annual depreciation is calculated using the straight line method.

Schedule of annual depreciation

S/N	Capital	Cost	Scrap value	Life span	Deprecation
1.	Pans	7,500	1,000	5	1,300
2.	Boards	3,000	700	5	320
3.	Tables	30,000	5,000	10	2,500
4.	Dough knives	2,500	500	5	400
5.	Mop	24,000	4,000	10	2,000
6.	Chairs	2,400	400	5	400
7.	Oven mits	1,200	200	3	335
8.	Other equipment	14,500	2,500	5	2,400
	Grand total				9,655

7.10 ESTIMATED PROFIT AND LOSS ACCOUNT

Particulars	Year 1	Year 2	Year 3
Expected sales	1,000,000	1,300,000	1,800,000
Less 1% discount	10,000	13,000	18,000
Net sales	990,000	1,287,000	1,782,000
Less purchase cost	880,000	1,000,000	1,225,000
Gross profit	645,000	910,000	987,000
Less other expenses			
Operating expenses	214,000	217,000	215,000
Salaries/wages	79,000	79,000	79,000

Total expenses	135,000	138,000	136,000
Profit before Tax	510,000	772,000	851,000
less 10% Tax	-	77,000	85,000
Profit after Tax	510,000	695,000	766,000
Less depreciation	9,655	9,655	9,655
Net profit	500,345	685,345	756,345
Retained earnings	500,345	685,345	700,000
Dividend	-	-	56,345

7.11 CASH FLOW PROJECTIONS.

Particular	Year 0	Year 1	Year 2	Year 3
Cash in				
Equity	1,000,000			
Net income	1,000,000	990,000	1,287,000	1,782,000
Total cash in	1,000,000	990,000	1,287,000	1,782,000
Cash out				
Equipment & others	85,400			
Working capital	914,600			
Cost of purchases		880,000	1,000,000	1,225,000
Operating expenses		214,000	217,000	218,000
Salaries/wages		79,000	79,000	79,000
Depreciation		9,655	9,655	9,655
Total cash out	1,000,000	1,182,655	1,305,655	1,531,655
Net cash flow	-	192,655	186,655	250,345
Opening cash bal.	Nil	Nil	192,655	379,310
Closing cash bal.	Nil	192,655	379,310	629,655

7.12 BALANCE SHEET PROJECTION

	Year 0	Year 1	Year 2	Year 3
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Fixed assets:				
Equipment	85,400	85,400	85,400	85,400
Less cumulative depreciation		9,655	9,655	9,655
Net fixed assets		75,745	75,745	75,745
Current asset		880,000	1,000,000	1,225,000
Stock material				
Total of current asset		880,000	1,000,000	1,225,000
Total asset		955,745	1,075,745	1,300,745
Long term liability				
Capital(equity)	1,000,000	1,000,000	1,000,000	1,000,000
Retained earning		500,345	685,345	700,000
Total of long term liability	1,000,000	1,500,345	1,685,345	1,700,000
Creditor	-	25,000	50,000	25,000
Dividend				56,345
Total of current liabilities		25,000	50,000	81,345
Total liabilities		1,250,000	1,600,000	1,540,000

7.14 Financial analysis

The project by the end of the first year would make a profit of approximately 500,000 with sales revenue of 1,225,000. This amount of

sales is expected to grow to 1000,000 and 1,800,000 at the end of the second and third year respectively.

Profitability analysis:

	Year 1	Year 2	Year 3
Profit before tax	510,000	772,000	851,000
Profit after tax	510,000	695,000	766,000
% return on turnover	-	35%	40%
% return on equity	-	81%	79%
% return on investment	-	73%	91%

CHAPTER 8

8.0 RISK ANALYSIS, CONTINGENCY PLAN AND EXIT STRATEGY

8.1 RISK ANALYSIS AND MITIGANTS

This project has been subjected to risk analysis for the purpose of identifying some risk associated therein. we have also offer mitigates to make better the negative effect of such risks on the business and these are itemized below;

- a) Low initial demand; aggressive marketing combined with promoting shall be adopted.
- b) Competitor: continuous high quality service delivery, customer care, as well as continuous environmental scanning shall be adopted.
- c) Fire out break and accident: fire extinguishers shall be provided as well as insurance policy.
- d) Staffing: training shall be given to officers from time especially to the semi-skilled and unskilled labor.
- e) In case of accident: good and careful driver will be employed.

8.2 CONTINGENCY PLAN.

As a new business, it is likely the business may not generate enough turnovers in the first few months of commencement. I therefore use the following contingency plans;

- Price reduction; this will be used to stimulate demand.
- Trade and discount: these motivate customers to buy in large quantities.
- Demand stimulation: strong awareness creation and sales promotions.
- Forming strong customer bonds and customer relationship with management.
- Effective customer care, satisfaction and retention.

8.3 EXIT STRATEGY; No exist is planned, rather diversification will be pursued

CHAPTER 9

9.0 OTHER CONSIDERATIONS, CONCLUSIONS AND RECOMMENDATIONS:

9.1 ECONOMIC JUSTIFICATION.

This business is economically justified because it creates employment opportunities, wealth which leads to reduction in poverty, encourage value orientation; this entire positive goal is consistent with the goal of NEEDS, SEEDS etc.

9.2 COMMERCIAL VIABILITY

The result of our analysis shows that is project is commercially viable in the sense that it generates adequate cash flows and good profitability return.

9.3 CONCLUSION/RECOMMENDATION

Based on the point of view of the analysis of our findings, the proposed project is commercially viable and economically desirable.The project

offers good investment benefit. We therefore highly recommend it for funding and implementation.